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Harvey E. Whitney

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We Meet Again

THE usual annual meeting of partners and managers was held on September 21, 22, and 23, 1931, at the Executive Office.

On Monday, September 21, the general session was preceded by a meeting of the partners. Following, at 10:30 A. M., the meeting proceeded to a general survey of the past year, with a discussion of old and new practice and consideration of ways and means of retaining old clients, developing new clients, and maintaining the high standards of service which the firm always has sought to render.

After a buffet luncheon, which was served in the library, the discussion was resumed and dealt with the activities of the New York Stock Exchange in accounting matters and the benefits to the profession which should accrue from the close cooperation with the Stock Exchange authorities in their efforts to promote sound practices in the matter of accounting and the rendering of informative financial statements. A discussion was had also of the Ultramares case, with a critical analysis of the Cardozo Opinion, followed by the suggestion of lessons which may be drawn by the profession, to its advantage, from that case.

On Tuesday morning the time was devoted to a discussion of various outstanding cases which have received public attention during the past year. After luncheon consideration was given to C. P. A. matters—new C. P. A. laws, classification of accountancy services, standardization of certificates, and comments in reports.

During the evening, on Monday and Tuesday, there were various private dinner and theatre parties at which those from out of town were entertained by the New York partners.

On Wednesday those in attendance repaired to Greenwich, Connecticut, where they were the guests of Colonel and Mrs. Carter. The usual golf tournament for men

was held at the Round Hill Club during the day. Mrs. Carter entertained the ladies at luncheon and during the afternoon at her home, and in the evening every one assembled at the Round Hill Club for dinner and dancing.

The golf prizes were won by Mr. George Cochrane, of Messrs. Deloitte, Plender, Griffiths & Company, who was also a guest at the Round Hill Club, with a net score of 75, and Messrs. Barb, James Clarke, and Hahn, with net scores of 80.

As usual the meeting terminated with the feeling on the part of every one present that these occasions are both beneficial and enjoyable; that they afford an opportunity for the exchange of technical and business views and for social contact, which more than repay the time and expense which they involve.

Those present were as follows: Messrs. Auld, Barb, Bell, Bickett, Bowen, Bowman, Bullock, Carleton, Carter, E. A. Clarke, James Clarke, Coursen, Croggon, Davies, Davis, Drake, Dunn, Everett, Forbes, Foye, Garrison, Gause, Gibson, Goodson, Hahn, Hill, Holloway, Hutchinson, Jumonville, Kracke, Krueger, Lawrence, Leo, Ludlam, Morris, McGuinn, North, O'Connell, Padon, Palmer, Peters, Pflug, Powell, Reik, Rohwerder, Rossman, Scoville, Seng, Stevenson, Thompson, Tilton, Tompkins, Vaughan, Wildman, and Willins.

Messrs. W. J. Saunders and W. A. Cameron, of Deloitte, Plender, Haskins & Sells, Toronto, Canada, were also in attendance.

Harvey E. Whitney

IN THE withdrawal of Mr. Harvey E. Whitney as chairman of The Robert Morris Associates' Committee on Coöperation with Public Accountants, the profession has suffered the loss of a good friend. It has often been said that only a good friend will tell one of his faults. Mr. Whitney has been telling accountants of their

faults for several years, but always in a fine, friendly, constructive way. He has voiced his own opinions, born of practical contact with public accountants and their reports. He has voiced the opinions of others, sometimes born of less practical experience than his own, but always with intent to be helpful.

We are pleased to see in the July Monthly Bulletin of The Robert Morris Associates Mr. Whitney's summary of reactions after ten years' work in coöperating with accountants.

Mr. Whitney's own words are as follows:

"We should not be too technical in our attitude toward accountants. I know that they recognize their duty to the credit granting fraternity as well as to their clients, always reserving to themselves the right to construe what they regard as material or immaterial in the make-up of a financial statement. It is, of course, for us to criticize and if necessary condemn, when, in this connection, it can be satisfactorily established that the judgment of any particular accountant has been unsound. The accountant, as well as the banker, entitled to confidence, is the one who observes not only the letter but as well the spirit of the laws and the ethics governing his profession. Summed up, this is 'Good Faith.'"

What could be fairer and what could be more satisfactory and helpful than these conclusions?

A Test Analysis of Unsuccessful Industrial Companies

THIS bulletin of the Bureau of Business Research of the University of Illinois is a monograph describing a study of twenty-nine industrial companies which, for one reason or another, have fallen on hard times. The study is unique in that it tries to ascertain how to avoid failure, rather than how to achieve success.

The monograph is divided into chap-

ters which cover the nature and treatment of the data, the analysis of the data, and a summary. The information furnished is in such detail that it is difficult to give a perspective of the study, but one characteristic is common to ratios in all of the tables, namely, the ratio of fixed assets to total assets gradually increased as the time of failure approached, indicating a tendency to permit too much capital to become tied up in fixed assets.

There are many ratios exhibited, but the conclusions reached are that the two most valuable ratios in common use are the current ratio and the ratio of working capital to total assets. The final conclusion reached is that, as an indicator of the financial soundness of an enterprise, the working capital to total assets ratio is thought to be the more valuable of the two.

Additions to the Library

American Institute of Accountants. "Accounting Terminology; Preliminary Report of a Special Committee on Terminology Published under the Auspices of the American Institute of Accountants." New York, The Century Company, c1931. 126p.

Harvard University. Bureau of Business Research. "Expenses and Profits in the Chain Grocery Business in 1929," by Malcolm P. McNair. Boston, Harvard University, 1931. 63p. (Bulletin No. 84.)

——— "Operating Results of Department and Specialty Stores in 1930," by Carl N. Schmalz. Boston, Harvard University, 1931. 45p. (Bulletin No. 85.)

Moody's Investors Service. "Moody's Manual of Investments and Security Rating Service. Public Utility Securities, 1931." New York, Moody's Investors Service, 1931.

Myers, Herbert J., Keating, William L., and Metsch, J. C. "How to Set Stand-